

CALIFORNIA'S State Budget Crisis

A Comparison of the Democratic Budget Revision and the Governor's Proposal

EDUCATION

GOVERNOR'S PLAN

- Cuts \$4.5 billion from K-12 schools from the budget approved in February, and about \$700 million from community colleges.
- Allows districts to shorten the school year by up to seven days
- Includes a \$315 million diversion from school bus programs to the state's general fund.

DEMOCRATS' PLAN

- Cuts \$3.8 billion from K-12 schools, and \$700 million from community colleges.
- Allows districts to shorten the school year by up to five days and suspend the high school exit examination.
- Guarantees schools will be repaid at least \$9.3 billion in past budget cuts beginning in 2011—a move that was rejected by voters in Proposition 1B in May.
- Increases fees for community college by \$6 per unit, to \$26 per unit.

STATE WORKERS

GOVERNOR'S PLAN

- Lays off at least 5,000 state workers, most of whom will likely land jobs in other state programs not funded by the general fund.
- Cuts pay by 5 percent for about 235,000 state workers, saving \$470 million.
- Furloughs state workers two days a month without pay, saving \$900 million. Combined with the pay cut, state workers would face a 14.2 percent drop in salaries.
- Consolidates or reorganizes a variety of departments for \$50 million in savings.

DEMOCRATS' PLAN

- Rejects the governor's pay cut, which could lead to a third furlough day or more layoffs.
- Assumes two monthly furlough days for state workers because pending labor agreements to reduce furlough days from two to one will not be approved in the Legislature.
- Accepts governor's department reorganization savings, but includes different proposals, including elimination of state umbrella agencies.

HIGHER EDUCATION

GOVERNOR'S PLAN

- Reduces state aid to UC and CSU by about \$2 billion. (Approximately \$1.7 billion is offset by federal stimulus money.)
- Phases out CalGrants, the state's college fee assistance program, for a savings of \$87.5 million.

DEMOCRATS' PLAN

- Accepts the governor's cuts, but divides them equally between UC and CSU.
- Rejects governor's plan to phase out CalGrants.

HEALTH AND HUMAN SERVICES

GOVERNOR'S PLAN

- Eliminates the California Work Opportunity and Responsibility to Kids Program – CalWORKS. Cutting off the welfare-to-work program, which provides aid to about 1 million children and 300,000 adults, would save the state \$1.3 billion (and mean the loss of about \$4.5 billion in federal matching funds).
- Saves \$1 billion by securing a waiver from the federal government so California can reduce rates and tighten eligibility requirements for Medi-Cal recipients.
- Eliminates Healthy Families, a health insurance program for 930,000 low-income children. It would save \$375 million (and cost \$500 million in federal matching funds).
- Eliminates the Adult Day Health Care program, for a savings of \$170 million.
- Restricts In-Home Supportive Services to only the most severely ill and disabled, and lowers the state's share of IHSS worker pay to \$8 an hour, for a savings of about \$730 million.
- Reduces maximum SSI-SSP grants for low-income elderly, blind or disabled to \$830 a month for individuals and \$1,407 a month for couples. Saves \$248 million.

DEMOCRATS' PLAN

- Retains CalWORKS, but cuts \$270 million by reducing payments to counties, exempting families with very young children from work requirements and reducing caseload estimates.
- Agrees with the governor's plan for a federal waiver and \$1 billion in savings in Medi-Cal, but rejects the governor's plans to eliminate some programs for legal immigrants.
- Retains Healthy Families program, but cuts \$70 million by freezing enrollment unless private donations become available.
- Retains the Adult Day Health Care program, but limits it to three days a week, for a savings of \$26.8 million.
- Rejects most of the governor's reductions for IHSS, but saves \$118 million by increasing the share of payments for some clients and reducing or eliminating services for clients with the least amount of need.
- Adopts the governor's cut to the SSI-SSP monthly grant for couples – taking them from \$1,489 to \$1,407 – but limits cuts to individuals to \$5 a month, reducing payments from \$850 a month to \$845. Saves \$116 million.

LOCAL GOVERNMENTS

GOVERNOR'S PLAN

- Borrows \$2 billion from property tax revenues ordinarily allocated to cities, counties and special districts. The money is supposed to be repaid in three years.
- Shifts \$336 million in local transit funds and \$1.7 billion (over two years) in local government transportation money to the general fund to make state transportation bond debt payments.

DEMOCRATS' PLAN

- Rejects the local government borrowing plan.
- Accepts governor's transportation fund shifts.
- Shifts \$350 million in local redevelopment funds to schools

CORRECTIONS

GOVERNOR'S PLAN

- Cuts or abolishes inmate service programs such as drug abuse counseling and vocational education, for a savings of \$790 million.
- Releases early about 19,000 nonviolent prisoners, including illegal immigrants to be turned over for deportation, saving \$402 million.

DEMOCRATS' PLAN

- Cuts less than the governor – \$322 million – from counseling and rehabilitation programs and building maintenance.
- Accepts the governor's early-release program with only minor changes.

REVENUES

GOVERNOR'S PLAN

- Sells a portion of the State Compensation Insurance Fund for \$1 billion.
- Allows some oil drilling off the Santa Barbara coast for \$1.8 billion in royalties over the next 14 years.
- Imposes a 4.8 percent surcharge on property insurance premiums to raise \$76 million for wildfire response.
- Accelerates tax payments by requiring corporate and individual filers to pay 40 percent of their liability in June. Saves \$610 million.

DEMOCRATS' PLAN

- Accepts governor's revenue proposals, but is silent on oil drilling plan.
- Defers the June 30, 2010, paycheck for state employees until July 1, 2010, saving \$1.2 billion on the books in the fiscal year.
- Increases the cigarette tax by \$1.50 per pack effective Oct. 1, taking the tax to \$2.37 per pack and raising \$1.2 billion in 2009-10.
- Imposes a 9.9 percent tax on oil extraction to raise \$830 million.
- Requires business and government to withhold 3 percent of payments to independent contractors, as a credit against taxes owed by contractors. Does not change tax liability, but is estimated to raise \$2 billion by increasing taxpayer compliance and accelerating revenue to the state.

PARKS

GOVERNOR'S PLAN

- Abolishes \$70 million general fund support for state parks, which could result in the closure of 220 parks.

DEMOCRATS' PLAN

- Leaves parks open by instituting a \$15 increase to the annual vehicle license fee, giving California-licensed vehicles free admission.